3. Fresh finance for farmers whose earlier debts have been settled through compromise or write-offs;

4. Relief measures for farmers indebted to non-institutional lenders.

(c) to (e) RBI had issued standing guidelines to banks for providing relief in areas affected by natural calamities with a view to allowing greater discretion to banks to decide upon the quantum of relief assistance to be provided to the affected farmers. These guidelines permit banks to convert/reschedule loans in the event of natural calamity for periods ranging from 3 to 9 years depending upon the successive crop failure/ intensity of damage to crops, grants fresh crop loans to affected farmers, convert principal as well as interest due on the existing loans, not to compound interest in respect of loans converted/rescheduled, relaxations in security and margin norms, etc. Consequent on the announcement made by the Government on 18.6.2004 to double the flow of agricultural loans in the next three years, RBI has issued guidelines to banks to implement the package which *inter-alia* provides for debt restructuring/ rescheduling and fresh loan to farmers, affected by natural calamities.

Functioning of Governor of R.B.I.

1382. SHRIV. HANUMANTHARAO: Will the Minister of FINANCE be pleased to state:

(a) what are the details of qualifications sought by Government in appointing the Governor of the Reserve Bank of India;

(b) whether Government have any means to remove a Governor for acts of omission and commission and sheer inefficiency; and

(c) to what extent Government watch the functioning of the Governor of the RBI?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM): (a) Section 8(1)(a) of the Reserve Bank of India Act, 1934 provides that the Central Board of Reserve

bank shall, *inter-alia,* consists of Directors including a Governor to be appointed by the Central Government. No qualification has been prescribed in the Act for appointment of the Governor of the RBI.

(b) Section 11(1) of the RBI Act, 1934 provides that the Central Government may remove from office the Governor or a Deputy Governor or any other Director or any other member of the Local Board.

(c) RBI is a statutory body constituted under the provisions of RBI Act, 1934. As per the provisions of the Act, the Governor has the power of general superintendence and direction of the affairs and the business of the Reserve Bank and may exercise all powers and do all acts and things which may be exercised or done by the bank and shall devote his whole time to the affairs of the bank. As per section 30(1) of the Act, if in the opinion of the Central Government the Bank fails to carry out any of the obligations imposed on it by or under RBI Act the Central Government may supersede the Central Board and the general superintendence and direction of the affairs of the Bank shall be entrusted to such agency as the Central Government may determine.

Non-availability of notes of smaller denominations

1383. SHRI V. HANUMANTHARAO: Will the Minister of FINANCE be pleased to state:

(a) the reasons for the non-availability of notes of smaller denominations in rural areas;

(b) whether it is a fact that Government are deliberately withdrawing five Rupee notes from circulation;

(c) if so, what are the reasons therefor; and

(d) what steps Government propose to take to review this policy?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM): (a) No reports/complaints regarding